



**THE ATTORNEY GENERAL
OF TEXAS**

AUSTIN 11, TEXAS

**WAGGONER CARR
ATTORNEY GENERAL**

January 21, 1965

Dr. J. W. Edgar
Commissioner of Education
Texas Education Agency
Austin, Texas

Opinion No. (C-379)

Re: Whether The Classroom
Teachers of Dallas, a
non-profit corporation,
is exempt from payment
of franchise taxes under
stated facts.

Dear Dr. Edgar:

We quote in its entirety your letter requesting the opinion
of this office on the above captioned question.

"The Classroom Teachers of Dallas is incorporated
as a non-profit membership organization under the laws
of Texas for the following purpose as stated in its
charter:

'The purpose for which The Classroom
Teachers of Dallas is formed is strictly
educational, to-wit: The advancement of
public school education in Texas.'

" I am informed that the organization, in pursuit of
the stated purpose, engages in the following activities:

"1. It publishes and distributes The Dallas Teacher,
a periodical including columns designed to provide
beneficial information and significant news to the
teaching profession.

"2. It distributes to the teachers educational
pamphlets and materials printed by the National Education
Association and the Texas State Teachers Association.

"3. It organizes and assists in organizing Future
Teachers of America Clubs in each high school and junior
high school and participates extensively in the programs
which are designed to provide information to future
teachers.

"4. It helps organize Student Education Associations in colleges, supplies them with education materials and works with them in their programs which look toward teaching as a profession.

"5. It supplies speakers at local, district and state meetings of both Future Teachers of America and Student Education Associations.

"6. It provides speakers, programs and pamphlets encouraging all teachers to better qualify themselves professionally through individual study along with recommending programs of individual study.

"7. It cooperates in the programs of Texas State Teachers Association (TSTA), Texas Classroom Teachers Association (TCTA), National Education Association (NEA) and Teacher Education and Professional Standards (TEPS), which are designed to educate, inform and improve teachers and the teaching profession.

"8. It sends representatives to meetings of Texas State Teachers Association (TSTA), Texas Classroom Teachers Association (TCTA), National Education Association (NEA) and Teacher Education and Professional Standards (TEPS).

"9. It sends representatives to the local Chamber of Commerce meetings upon request to exchange information.

"10. It conducts an annual banquet for teachers and the public in general, which is designed to impart information to the public and to provide closer cooperation between teachers and the public. At this year's banquet, the President of the National Education Association spoke on "Education for World Responsibility".

"11. It encourages teachers to become members in professional teacher organizations.

"12. It provides public information about the teaching profession.

"13. It polls members regarding their feeling as to the current status of professional competence, standards and ethics.

"14. It provides a forum for discussion of problems involved in teaching.

"15. It reports on all current programs at each meeting.

"16. It works toward a program whereby teachers teach only in their fields of training or qualifications.

"17. It interprets teacher education and professional standards to the teachers.

"18. It encourages compliance with the Professional Code of Ethics.

"19. It provides business and professional leaders with information regarding the current status of education.

"20. It provides speakers at meetings in each school on each part of the Professional Code of Ethics.

"21. It provides an atmosphere conducive to the improvement of professional standards and mutual cooperation in the working out of teaching problems.

"22. It works closely with local (Dallas) school officials and administrators in determining programs, policies and discipline.

"23. It cooperates extensively with the Assistant Superintendent of Schools in charge of In-Service Training in devising beneficial in-service training programs for teachers.

"24. It cooperates with local administration in the recruitment of prospective teachers.

"25. It cooperates with local administration in the orientation of new teachers.

"26. It maintains a small scholarship fund, from which it grants small scholarships to worthy, but needy, students in and from the Dallas School System.

"27. It maintains a small benevolent fund, from which it occasionally makes grants to any teacher in the Dallas system who is in need.

"28. As a local branch of each organization, it receives dues for (and remits such collections to) its parent organization, the Texas Classroom Teachers Association; the Texas State Teachers Association; and the National Education Association.

"The activities above listed are those in which the organization customarily participates. It has on occasion sponsored a social activity for members; and it may on some occasions have paid expenses of some member or officer to attend some meeting not listed above, for discussion of matters of concern to the schools of Texas. For your information, there is attached hereto copy of an audit of all receipts, and expenditures of the organization for the year 1961, which further illustrates its activities.

"You are requested to advise whether a corporation which is organized for the purpose above stated and engages in the activities above enumerated is required to pay a franchise tax under the laws of Texas, and particularly Arts. 12.01 and 12.03 'Taxation-General', Vernon's Civil Statutes as amended.

"In connection with this request, I would add that in my opinion the activities enumerated above are designed to further and do further the program of public education in this State. So far as I can see, it has no other purpose. If any individual or class of individuals benefits from the activities of the organization, other than as the general public benefits, it is in an indirect way. That is, the encouragement of teachers to improve themselves in their teaching abilities and citizenship responsibilities, and assisting with local school programs of in-service training may result ultimately in higher salaries for the teachers who are improved by such programs. But that is an incidental result (assuming it occurs) of activities designed to give better teaching in the public schools.

"At all events, the cooperative endeavors of teacher-organizations such as The Classroom Teachers of Dallas have been an integral, if not indispensable, part of the progress made in furnishing better training of our youth in the schools of Texas.

"In a sense, the question is whether such organizations are to be charged for the privilege of making this important contribution to the public good."

Article 12.03, Taxation-General, Vernon's Civil Statutes, enumerates the allowable exemptions from franchise taxes. Among those exempt are corporations organized for "strictly educational purposes. . . ."

In Attorney General Opinion No. WW-1517 (1962), this office held that under the submitted facts a corporation chartered by an association of teachers was required to pay franchise taxes. The purpose clause of the charter of the corporation contained detailed authorizations or stated purposes which in most respects, would embrace the activities carried on by The Classroom Teachers of Dallas. However, one of the charter purposes was ". . .to improve the social and economic status of teachers; and to form a representative body able to speak with authority for them." We agree with the holding of Opinion No. WW-1517 that this part of the purpose clause is inconsistent with being a corporation organized for ". . .strictly educational purposes. . .", and affirm it for this reason.

We are not in accord with that portion of the Opinion which concludes that the following purposes are not "strictly educational": (1) cooperation with the Texas State Teachers Association and the National Education Association in the promotion within the teaching group of the highest type of professional practices; (2) the encouragement of active participation of all teachers in the solution of school problems (3) the encouragement of members to be progressive students of education; (4) the arousing of allegiance to a genuine code of professional ethics; (5) the encouragement of higher qualifications for entrance into the teaching profession; (6) the guidance of well endowed young people to select teaching as a life work; (7) the promotion, encouragement and assistance of other local teacher organizations; and (8) the promotion of cooperation among such organizations and their members.

The charter of The Classroom Teachers of Dallas states that it is formed for a strictly educational purpose, to wit: "The advancement of public school education in Texas." We agree with your view

that the activities in which the corporation engages are consistent with its stated purpose and are designed for the furtherance thereof. Any salary benefits which may accrue to teachers as a result of the conduct of these activities is purely incidental thereto and in no way affects or negates the strictly educational purpose for which the corporation was organized. You are, therefore, advised that under the submitted facts The Classroom Teachers of Dallas is exempt from franchise taxes.

S U M M A R Y

Under submitted facts, The Classroom Teachers of Dallas, a non-profit corporation organized for a strictly educational purpose and limited by its charter to the advancement of public school education in Texas, is exempt from payment of franchise taxes.

Yours very truly,

WAGGONER CARR
Attorney General of Texas

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APPROVED:
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